

AHFC 3



Regular Item  
CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION

AGENDA DATE: 6/8/2006

**Subject:** Approve the negotiation and execution of a loan to Foundation Communities, Incorporated, or its affiliate, under the Rental Housing Development Assistance Program, in an amount not to exceed \$1,118,309 in compliance with applicable federal regulations, including the Code of Federal Regulations Title 24 Section 85.40 performance goals, to acquire the property formerly known as the Ramada Inn located at 1212 West Ben White Boulevard, Austin, TX, for conversion into a 100-unit single-room-occupancy supportive rental housing facility for homeless and low-income individuals.

**Amount and Source of Funding:** Funding is available in the Fiscal Year 2005-2006 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program. It is anticipated that the transaction will be funded with HOME Investment Partnership Act Program funds, and funds from the City of Austin's Housing Trust Fund.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108.

**Prior Council Action:** Zoning change approved on April 27, 2006 by Ordinance No. 20060427-047.

**Boards and Commission Action:**

**Purchasing Language:**

**MBE/WBE:**

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Following Board approval, the requested financing will assist Foundation Communities, or its affiliate (Foundation Communities), in acquiring the property formerly known as the Ramada Inn located at 1212 West Ben White Boulevard. The property is currently being operated as a hotel under the name of Oak Inn. Following acquisition, the facility will be renovated and converted into Skyline Terrace, a 100-unit Single-Room-Occupancy (SRO) rental housing facility for homeless and low-income individuals. Approval will enable staff to issue a commitment of RHDA Program financing that will assist in the acquisition and development of the project subject to program and applicable environmental review and fund release requirements. A loan will be negotiated and executed with Foundation Communities in an amount not to exceed \$1,118,309 for a term of 30 years at zero percent interest, or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred on a yearly basis for the duration of the 30-year period. Principal and interest will be forgiven at the end of the loan term contingent upon compliance with the loan agreement. Austin Housing Finance Corporation's (AHFC) commitment is necessary at this time to allow the project to be eligible for approval of federal Low-Income Housing Tax Credits (LIHTCs) by the Texas Department of Housing and Community Affairs (TDHCA). The current facility is a six-story, 78,000 square foot structure built in 1986. Units in the facility measure from 250 to 400 square feet in size and include a kitchenette, bathroom, and living and

sleeping area. Following conversion, Skyline Terrace will include a lounge area, computer lab, community room, laundry and a community kitchen. At least 10 units will be accessible for persons with mobility disabilities and two units will be accessible for persons with sight and hearing disabilities. The project will be developed in accordance with applicable S.M.A.R.T. Housing™ standards. Skyline Terrace will serve individuals with yearly incomes not to exceed 50% of the Austin area's median family income (MFI - currently \$24,900 per year for a one-person household) at monthly rents of approximately \$320 per unit, or an amount not to exceed 30% of the resident's monthly income. It is anticipated that the majority of residents will have yearly incomes of no more than 30% of MFI (currently \$14,950 per year for a one-person household). Foundation Communities is partnering with Caritas of Austin in an effort to obtain rent subsidies for at least 30 of the 100 units. The facility will be managed and operated on a daily basis by Foundation Communities with coordinated services from local agencies and organizations. Case management and other supportive services for residents will be made available on an as-needed basis and will vary according to specific needs. Residents entering the facility by referral from other organizations will be encouraged to continue with their case management program activities for at least six months. The project is proposed under the RHDA Program that provides federal and non-federal assistance as gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. Projected sources and uses of funds for the project are provided in Attachment 1. Performance measures associated with the project are as follows: 1. Develop 100 units of affordable SRO supportive rental housing for homeless and low-income individuals. 2. Ensure that at least 10 units are made accessible for persons with mobility disabilities, and two units are made accessible for persons with hearing and vision disabilities. 3. Complete the project in accordance with applicable S.M.A.R.T. Housing™ standards. Foundation Communities, Incorporated is a 501(c)(3) non-profit organization established in 1984 and is certified by the City of Austin as a Community Housing Development Organization (CHDO). Foundation Communities has developed and currently operates more than 1,200 units of affordable rental housing for low-income households in Austin. In addition, the organization also provides numerous supportive services to low-income individuals and families in the community including community income-tax centers, after-school programs, financial management and education services, computer training, and employment counseling and referral. In late 2003, Foundation Communities completed Garden Terrace, an 85-unit SRO facility located at 1015 West William Cannon Drive. Foundation Communities is currently in the process of renovating the former Hearthside Hotel at 7101 North IH-35 into Spring Terrace, a 140-unit SRO facility anticipated to be completed in August 2006. Upon completion of Spring Terrace and the newly proposed Skyline Terrace, Foundation Communities will have created and be operating a total of 325 units of affordable SRO supportive rental housing for homeless and low-income individuals in the Austin community. The requested funding is available in the Fiscal Year 2005-2006 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.

Foundation Communities – Skyline Terrace  
Sources and Uses of Funds

Sources:

TDHCA LIHTCs	\$ 3,728,000
TDHCA HOME CHDO	1,450,000
Federal Home Loan Bank-SF	750,000
Neighborhood Works America	500,000
Owner equity	400,000
Foundations/contributions	118,888
AHFC RHDA funds	<u>1,118,309</u>
Total	<u>\$ 8,065,197</u>

Uses:

Predevelopment	\$ 160,500
Acquisition	4,400,000
Hard construction	1,839,997
Soft/carrying costs	639,700
Other/contingency costs	<u>1,025,000</u>
Total	<u>\$8,065,197</u>